

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

<b>In Re:</b>	§	<b>Chapter 11</b>
	§	
<b>W.R. GRACE &amp; CO., et al.,</b>	§	<b>Jointly Administered</b>
	§	<b>Case No. 01-01139 (JKF)</b>
<b>Debtors.</b>	§	
	§	

**FEE AUDITOR'S FINAL REPORT REGARDING  
FEE APPLICATION OF ELZUFON AUSTIN REARDON TARLOV & MONDELL, P.A.,  
FOR THE THIRTEENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Thirteenth Interim Quarterly Fee Application of Elzufon Austin Reardon Tarlov & Mondell, P.A. (the "Application").

**BACKGROUND**

1. Elzufon Austin Reardon Tarlov & Mondell, P.A. ("Elzufon") was retained as Delaware counsel to the Zonolite Attic Insulation Claimants. In the Application, Elzufon seeks approval of fees totaling \$4,690.50 and costs totaling \$2,066.84 for its services from April 1, 2004, through June 30, 2004.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued

January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

3. Per Elzufon's Appointment Order, the Court set a total budget for ZAI counsel of \$1.5 million in fees and \$500,000 in expenses for prosecuting the Science Trial. On July 28, 2003, the Court entered an Order increasing the budget by \$950,000 per side for additional attorney fees and expenses. We note that an Order was entered on September 27, 2004, further increasing the litigation budget in the ZAI Science Trial by \$750,000.00 per side for additional attorneys' fees and expenses.<sup>1</sup>

4. We will continue to monitor the ZAI Science Trial litigation budget for all participating parties. We have no objections to, or issues with, this Application for the 13<sup>th</sup> Interim Period, and thus we did not send an initial report to Elzufon.

### **CONCLUSION**

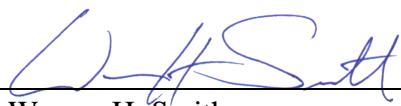
5. Thus we recommend approval of fees totaling \$4,690.50 and costs totaling \$2,066.84 for Elzufon's services from April 1, 2004, through June 30, 2004.

---

<sup>1</sup>We note that we had previously recommended against approval of Elzufon's previous applications for the 10<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup> interim periods solely because they were over the then-existing budget. With latest the increase in the litigation budget, the budget is now large enough that these three applications, and the current application, are all within the budget. Thus we recommend approval of Elzufon's previous applications for the 10<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup> interim periods.

Respectfully submitted,

**WARREN H. SMITH & ASSOCIATES, P.C.**

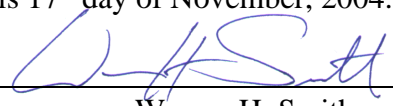
By:   
Warren H. Smith  
Texas State Bar No. 18757050

Republic Center  
325 N. St. Paul, Suite 1275  
Dallas, Texas 75201  
214-698-3868  
214-722-0081 (fax)  
whsmith@whsmithlaw.com

**FEE AUDITOR**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 17<sup>th</sup> day of November, 2004.

  
Warren H. Smith

**SERVICE LIST**

Notice Parties

**The Applicant**

ELZUFON, AUSTIN, REARDON, TARLOV &  
MONDELL, PA  
William D. Sullivan, Esq.  
Charles J. Brown, III, Esq.  
300 Delaware Avenue, Suite 1700  
P.O. Box 1630  
Wilmington, DE 19899-1630

**The Debtors**

David B. Siegel, Esq.  
Sr. V.P. and Gen. Counsel  
W.R. Grace & Co.  
7500 Grace Drive  
Columbia, MD 21044

**Counsel for the Debtors**

James H.M. Sprayregen, Esq.  
Kirkland & Ellis  
200 East Randolph Drive  
Chicago, IL 60601

Laura Davis Jones, Esq.  
Pachulski, Stang, Ziehl, Young & Jones, P.C.  
919 North Market Street, Suite 1600  
P.O. Box 8705  
Wilmington, DE 19899-8705

**Counsel for the Official Committee of Unsecured Creditors**

Lewis Kruger, Esq  
Stroock & Stroock & Lavan  
180 Maiden Lane  
New York, NY 10038-4982

Michael R. Lastowski, Esq.  
Duane Morris & Heckscher  
1100 N. Market Street, Suite 1200  
Wilmington, De 19801-1246

**Counsel to the Official Committee of Property Damage Claimants**

Scott L. Baena, Esq  
Bilzin, Sumberg, Dunn, Baena, Price & Axelrod  
First Union Financial Center  
200 South Biscayne Boulevard, Suite 2500  
Miami, FL 33131

Michael B. Joseph, Esq.  
Ferry & Joseph, P.A.  
824 Market Street, Suite 904  
P.O. Box 1351  
Wilmington, DE 19899

**Counsel to the Official Committee of Personal Injury Claimants**

Elihu Inselbuch, Esq.  
Caplin & Drysdale  
399 Park Avenue, 36<sup>th</sup> Floor  
New York, NY 10022

Marla R. Eskin  
Campbell & Levine, LLC  
Suite 300  
800 N. King Street  
Wilmington, DE 19801

**Official Committee of Equity Holders**

Thomas M. Mayer, Esq.  
Kramer Levin Naftalis & Frankel  
919 Third Avenue  
New York, NY 10022

Teresa K.D. Currier, Esq.  
Klett Rooney Lieber & Schorling  
1000 West Street, Suite 1410  
Wilmington, DE 19801

**United States Trustee**

Office of the United States Trustee  
Frank J. Perch, Esq.  
844 King Street, Suite 2311  
Wilmington, DE 19801